UNITED NATIONS

General Assembly

FORTY-FIFTH SESSION

Official Records

SECOND COMMITTEE
45th meeting
held on
Monday, 19 November 1990
at 3 p.m.
New York

SUMMARY RECORD OF THE 45th MEETING

Chairman: Mr. PAPADATOS (Greece)

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Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

Distr. GENERAL
A/C.2/45/SR.45
4 December 1990
ENGLISH
ORIGINAL: SPANISH

90-57213 3302S (E)

The meeting was called to order at 3.20 p.m.

AGENDA ITEM 79: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)

(b) TRADE AND DEVELOPMENT (A/45/3, 15, 442, 453 and Add.1, 565 and 588)

(c) REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s FOR THE LEAST DEVELOPED COUNTRIES (A/45/695)

1. Mrs. VAEZA (Uruguay), referring to the vast changes taking place on the world political and economic scene and to the situation regarding international trade relations, said that the State was playing a diminishing and changing role in the decentralization of administration, the dismantling of bureaucratic structures and, in particular, the trend towards regional economic integration.

2. In that connection she drew attention to the process of integration taking place between Argentina, Brazil, Paraguay and Uruguay with a view to the establishment of a common market in the Southern Cone. That process was particularly important in the light of the recent initiative on economic integration of the continent made by the President of the United States of America, who had inter alia stressed the close relationship that existed between trade, investment and external debt.

3. However, those processes and initiatives could falter if the current Uruguay Round of multilateral trade negotiations on restructuring the multilateral trade system failed. It was vital that those negotiations, which for the first time included agricultural trade, should produce positive results, since it would be many years before a new opportunity arose for drawing up a consistent set of rules governing international trade.

4. Failure of the Uruguay Round negotiations could cause serious imbalances in the international trading system. Uruguay believed that the GATT rules and regulations needed improving, with a view to reducing and eliminating non-tariff barriers which were the main obstacle to the expansion of trade and which were particularly detrimental to the developing countries. Uruguay was an active member of the Cairns group and supported the adoption of measures to liberalize agricultural trade by all participants in the multilateral negotiations, and it considered that the principle of differential and most-favoured-nation treatment must be applied effectively to the developing countries.

5. However, the recent proposals submitted by the negotiating committee were inadequate and failed to take account of fundamental aspects of the problem, such as the policy of Government intervention in agriculture, the adverse and destabilizing effect of subsidies, and excessive protection. In a communiqué issued in Geneva on 5 November, the Ministers of the Cairns group had stated that a breakdown in the Uruguay Round would unleash protectionist forces.

(Mrs. Vaeza, Uruguay)

6. Her country reaffirmed that it would be a mistake of historic proportions to sacrifice the principles relating to the establishment of a more open and transparent trade régime in order to defend the national interests of a particular group of countries, or merely to be able to announce that the Brussels meeting had been a success. The only way to ensure the success of that meeting was to reaffirm the Punta del Este spirit which had brought all parties to recognize the danger of a breakdown and the need to find a common ground through balanced concessions.

7. Mr. SERSALE di CERISANO (Argentina) referred to current trends and medium-term prospects in the situation of countries that produced raw materials, particularly agricultural products, and the difficulty of reaching agreement on basic items on the agenda of the Uruguay Round, especially in the agricultural sector. In that respect, the relative importance of the developing countries in the markets of the developed countries had diminished, the regions most affected being Africa and Latin America and the Caribbean.

8. The situation in trade relations was having a particularly adverse impact on the economies of the developing countries, and the developed countries' policies were preventing the establishment of an equitable market-oriented agricultural trading system. Those policies were also having an adverse effect on food production and hence on the application of the concept of food security. The trade policies of some of the developed countries were tailored to domestic support mechanisms which generated surpluses, as well as to non-tariff barriers, export subsidies and the imposition of sanitary and phytosanitary measures which acted as hidden obstacles to the developing countries' exports.

9. Together with the external debt problem, the impossibility of reaching broad agreement on the gradual elimination of those policies, which distorted international agricultural trade, was the main obstacle that prevented the developing countries, in particular the low-cost food producers, from resuming the path of growth and economic development.

10. Consequently, Argentina, which had firmly supported the Uruguay Round negotiations, was disturbed to see that, with only three weeks to go before the end of the Round, no real agreement had yet been reached with a view to achieving a satisfactory outcome. Argentina, as a member of the Cairns group, had repeatedly stated that the Uruguay Round could not and must not end without substantial progress in the field of agricultural trade.

11. Despite recent international agreements to reduce the distortions affecting international trade in agricultural products - in particular in the Declaration on International Economic Co-operation adopted by consensus at the eighteenth special session of the General Assembly (A/RES-18/3), in the document on the international development strategy for the fourth United Nations development decade (A/AC.232/L.14/Rev.1) and the recent Houston Economic Summit - some of the major industrialized countries had adopted measures which not only ran totally counter to that trend and hampered the reactivation of the development of the developing countries but also demonstrated the inconsistency of the industrialized countries,

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(Mr. Sersale di Cerisano, Argentina)

in particular those which had been the cradle of liberal ideas and which had grown rich themselves through free trade. Their specific policies in the agricultural sector were a direct attack on the growing universalization of democratic government and prevented the developing countries from creating the conditions for expanding their exports, increasing their investment in agriculture and effectively reactivating their economies.

12. The major industrialized countries and the European Economic Community in particular must assume their historic, moral and political responsibility at a time when their economic situation permitted it, and must adopt decisions calculated to obtain substantive results in respect of agriculture in the Uruguay Round. That would be the best way of contributing to the agricultural development of the developing countries and, at the same time, to the eradication of hunger and malnutrition.

13. Mr. ISAKOV (Union of Soviet Socialist Republics) said that, as had been demonstrated in important international forums such as the eighteenth special session of the General Assembly and the Second United Nations Conference on the Least Developed Countries, for the first time in the history of the Organization, economic and political issues were being given equal importance. Not only the organizations of the United Nations system but also the International Monetary Fund, the World Bank and other international mechanisms must act in a co-ordinated manner to secure the development of all countries, the satisfaction of the basic needs of the people and protection of the environment.

14. UNCTAD, in particular, was one of the principal multilateral mechanisms for solving the major problems relating to trade and development. The report of the Trade and Development Board (A/45/15) and the report of the Secretary-General of UNCTAD (A/45/442) contained an exhaustive and detailed analysis of the situation in that area and highlighted, in particular, the current trend towards the integration of national economies. Any country which did not join in that process would be in danger of losing the advantages derived from the international division of labour.

15. Turning to the transformations which were going on in the USSR, he drew attention to ongoing efforts to decentralize economic activities and to dismantle the monopolistic organization of the economy. The measures which had been taken included measures to encourage foreign investment, to establish semi-public enterprises and to make the rouble convertible. In addition, new tariff lists had been prepared which conformed to international practices and, in particular, to GATT rules. In 1990, the USSR had been admitted to GATT as an observer, which was the first step towards joining the General Agreement. Nevertheless, that did not mean that UNCTAD's activities were less important. On the contrary, co-ordination between GATT and UNCTAD must be improved.

16. The USSR had noted with interest the idea of setting up a single international trade organization which would include the organizations of the United Nations system, the International Monetary Fund, the World Bank and perhaps other multilateral mechanisms operating in that area. One of UNCTAD's most important

(Mr. Isakov, USSR)

contributions would be its conceptual activity in the analysis of economic trends and in strengthening capacity to forecast world economic trends so as to be able to deal with upheavals which entailed grave risks for national economies such as those which had occurred as a result of the crisis in the Persian Gulf. It was also essential to tackle the issue of changing over from production for military purposes to production for development purposes.

17. After referring to the dynamic process which was going on in Eastern Europe and drawing attention to the importance of international co-operation for the success of the economic recovery of those countries and their integration into the world economy, he reaffirmed the importance of the negotiations currently under way within the context of the Uruguay Round and expressed confidence that the difficulties that had been encountered would be overcome and that the outcome of the negotiations would be satisfactory. Those negotiations, together with the forthcoming eighth session of UNCTAD, were of vital importance for the future of trade and development in the short term and also in the longer term.

18. Mr. NYAMIKEH (Ghana) said that many delegations had talked exhaustively about the recent transformations which had occurred in Eastern Europe and in other parts of the world, the most notable being the unification of the two Germanies. His delegation welcomed all those changes because they heralded a more promising future for international trade and development. However, those changes could not, in themselves, provide a solid foundation for the improved international economic situation that everyone was hoping for, unless they were accompanied by new measures that would not only put an end to the unjust trade relations of recent decades but also facilitate and enhance international trade and economic co-operation at all levels between developed and developing countries.

19. The Committee had heard delegations from the developing countries speak about the losses which their countries had suffered during the past decade as a result of adverse terms of trade and lopsided international trade liberalization policies which provided protection only for manufactured goods, not for commodities. It was distressing to note that while the industrialized countries strongly advocated the removal of subsidies on agricultural production in developing countries they continued to provide subsidies for their own farmers. For the great majority of African countries, commodity exports accounted for 85 to 100 per cent of the foreign exchange required to meet development needs and debt service obligations and, although the volume of exports had increased, export earnings from commodities had remained low. In 1988, the recorded fall in commodity prices had been put at about 40 per cent and the figure was expected to reach 60 per cent in 1990.

20. In a desire to find a solution to the particular difficulties facing Africa, many countries on the continent had instituted reform programmes during the 1980s. The relevant multilateral institutions, including the World Bank and International Monetary Fund, had stressed the need to strengthen the commodity sectors. As a result the world market for those commodities had been flooded. Despite the persistent decline in commodity prices, international assistance had continued to focus above all on the commodity sector.

(Mr. Nyamikeh, Ghana)

21. While it was recognized that the market conditions for many of the major African commodities did not look very favourable, it was none the less stressed that only by promoting dynamism in that sector, which was the most important in every African economy, transformation of economic structures would remain an idle hope. Although his delegation did not doubt the sincerity of such a recommendation, it was hard to believe that the result would be anything other than a further strengthening of the vicious circle of dependence on commodities. It had often been suggested that processing of commodities would be a means of solving some of the problems raised by exporting commodities in raw forms. However, that had not proved to be the case.

22. In an attempt to reduce its dependence on the export of commodities, Ghana had begun to process some of its agricultural products. For instance, it had processed cocoa into chocolate, cocoa butter and oil and had won medals for those products at international fairs. However, exporting processed cocoa had proved extremely difficult.

23. An international trading system which would ensure the development of developing countries could be achieved only if fairness and consistency prevailed in international trade and economic relations. The task of transforming existing trade relations might seem enormous to those who had benefited immensely from the present system, but it must be undertaken without delay. The Declaration on International Economic Co-operation adopted at the eighteenth special session of the General Assembly, the consensus reached on the international development strategy and the ongoing GATT negotiations all pointed to the existence of greater co-operation towards resolving some of the issues affecting trade and development.

24. His delegation strongly supported the meeting of the Committee on Commodities, which was scheduled to take place from 12 to 20 November 1990, and hoped that the Committee's deliberations would produce concrete and lasting solutions to the commodity problem, including the strengthening of the facilities of the Common Fund for Commodities and the implementation of commodity agreements which had been stalled for the last two years.

25. Ms. TOMKINSON (Australia) said that the Committee was discussing the issue of trade and development at a crucial moment in the history of international trade relations. In only two weeks time the Uruguay Round of trade negotiations was scheduled to end. The conclusion of the Round, which would represent the result of four years of intensive negotiations, would provide the last opportunity in the century to establish an open and efficient framework for future international trade.

26. Trade was one of the most fundamental aspects of the economic welfare of all countries. It formed a crucial component of the development process, so much so that the provision of new trading opportunities for developing countries would be one of the major contributions which the industrialized countries could make to the growth and development of developing countries. When the Uruguay Round was launched at the ministerial meeting at Punta del Este in 1986, the negotiating mandate had been the liberalization of trade in all areas. That mandate had been

(Ms. Tomkinson, Australia)

the strongest yet agreed within GATT on issues such as agriculture, and it covered for the first time the new issues of services, intellectual property rights, and trade-related investment measures. The stated aim of the Round was to halt protectionism, remove distortions in trade, and develop a more open, viable and durable multilateral trading system.

27. All the parties to the Uruguay Round had accepted those objectives because they believed that reform of the international trading system was essential to the long-term health and growth of the international economy. The objective was of course an ambitious one, requiring firm commitment to reform by all the parties, but its importance to the international economy was and remained inescapable. However, her delegation was disappointed and deeply concerned by the current uncertain prospects for achieving the objectives set at Punta del Este four years earlier.

28. A satisfactory conclusion to the Uruguay Round depended on a satisfactory outcome in all of the areas under negotiation. However, the deadlock in the negotiations on agriculture threatened to undermine the whole Round. There had been no advance in the agriculture negotiations since July 1990. Positions remained far apart, and the lack of progress had adversely affected other areas of the negotiations, including products based on natural resources, and textiles, tropical fruits, etc. The responsibility for the crisis in the agriculture negotiations rested largely with the European Community and its member States. This was due both to the lateness of the tabling of the Community's offer on reductions in agricultural protection and to the coverage of that offer.

29. The Community's offer, which contained no commitment to reduce export subsidies and increase the market access for agricultural products, was completely inadequate. It was also inconsistent with the undertakings given in the Punta del Este Declaration of 1986 and in the mid-term review of the Uruguay Round in 1989. All the other key delegations, including the developed and developing countries of the Cairns group of agricultural exporters, had submitted constructive offers for reductions in protectionism. The Community's offer was also inconsistent with the declaration made at the recent Houston economic summit, which had reaffirmed that the successful outcome of the Uruguay Round had the highest priority on the international agenda and stressed the determination of the participants in the summit to take the political decisions necessary to achieve substantial results in all areas of the Uruguay Round by the end of 1990.

30. The summit declaration had recognized that the achievement of long-term reforms in agricultural policies was critical to the greater liberalization of trade in agricultural products and that the outcome of the agriculture negotiations should lead to a better balance between supply and demand which would ensure that agricultural policies did not impede the effective functioning of international markets. Finally, the declaration had reaffirmed the parties' commitment to the long-term objective of agricultural reform, which was to allow market signals to influence agricultural production, and to establish a fair and market-oriented agricultural trading system.

(Ms. Tomkinson, Australia)

31. The objective for agricultural reform identified by the parties at the Houston summit offered the prospect of an improved framework for international trade, with wide-ranging benefits for all countries. Her delegation whole-heartedly supported that objective. However, not all the parties to the GATT negotiations had succeeded in making the difficult political decisions which the participants in the Houston summit had recognized as necessary to the achievement of a satisfactory outcome in the agricultural negotiations of the Uruguay Round as a basis for the success of the Round as a whole. The success of the Uruguay Round was necessary in order to revitalize the world trading system, achieve a multilateral lowering of tariffs, phase out the non-tariff barriers to trade, and expand the multilateral framework to cover the rapidly growing area of services trade. If the Round was allowed to fail, the protectionist forces which had been building up in recent years would be unleashed, particularly in the current climate of global economic uncertainty. The cost to the developed countries and to the developing countries would be enormous.

32. All parties to the GATT trade negotiations must realize the enormous importance of the success of the Uruguay Round. The Committee was considering many issues of importance for the international economy and the development process. But on none of those issues did it have the opportunity now available in the trade area to secure benefits for all countries in the next century.

33. Mr. HUSSEIN (Malta) said that his delegation fully supported the position of the Group of 77 on international commodity trade as stated recently in the Committee. Commodity trade remained the economic mainstay of the promotion of growth and development and a major source of export earnings, investment and employment in many developing countries, including his own. The rapid and persistent fall in commodity prices in the 1980s had dealt a severe blow to many developing countries which relied on commodities for their export revenue. Unfortunately, the decline in commodity prices in real terms was expected to persist in the 1990s. Concerted efforts must therefore be made to overcome the crisis in commodity markets and prevent its recurrence. Improvement in commodity prices would enable the developing countries to increase their imports and thus improve the world trade situation.

34. Only a few developing countries had managed to diversify their economy by means of processing activities based on commodities. The developed countries must provide support to stimulate such diversification in the form of investment and project financing, transfer of technology, and increased imports of processed and semi-processed goods. In addition, the developed countries must relocate to the developing countries those of their industries which used raw commodities.

35. The growing protectionism in developed countries remained a source of concern to developing countries, as it continued to hinder progress towards creating a more liberal and equitable world trading system. Tariff escalation on commodity-based products restricted their access to the developed countries. Even low-level value added products, such as palm oil products and cocoa powder, were subject to high tariffs on entering European Community markets. The adoption of non-tariff

(Mr. Hussein, Malta)

measures such as import quotas, import licences, sanitary and phytosanitary measures and food labelling regulations further restricted imports of some commodities from the developing countries.

36. His delegation urged the international community to take more positive steps to improve market access for semi-processed and processed products from developing countries. The developed and developing countries should show greater commitment in the Uruguay Round to reducing protectionism and developing market access by reducing and eliminating high tariffs and non-tariff barriers. Tariff escalation on processed products should be eliminated so as to encourage diversification of the developing countries' productive system.

37. One of the most serious problems affecting commodity-exporting countries was unfair competition in the international market due to heavily subsidized agricultural production and exports in the European Community. Those subsidies adversely affected the development of the commodity sector in the developing countries. The offer by the European Community to reduce agricultural subsidies by 30 per cent over a ten-year period was grossly inadequate and posed a serious obstacle to the success of the Uruguay Round.

38. The smear campaign being waged against certain commodities was another "new" form of protectionism intended further to restrict exports from developing countries. Those campaigns, particularly the ones against palm oil and tropical timber, had been mounted by pressure groups in the major industrialized countries. For example, the campaign against palm oil made no mention of the results of scientific research that had confirmed the value of palm oil in lowering cholesterol levels. In the case of tropical timber, a number of non-governmental organizations were putting pressure on consumers and Governments to restrict imports of that type of timber. Malaysia considered such actions discriminatory and contrary to the principles of GATT on free trade practices. Those campaigns must be halted.

39. Although the Agreement Establishing the Common Fund for Commodities had entered into force on 19 June 1989, the Fund's first and second accounts were not yet operating. It was to be hoped that with the funding available through the Fund's two accounts, eligible commodity organizations could now begin research and development, marketing and other activities. Assembly resolution 44/218, inter alia, invited all countries that had not yet ratified the Agreement to do so as soon as possible and welcomed the significant voluntary contributions made to the second account of the Common Fund. The positive support of the developed countries was essential to ensuring the effective functioning of the Common Fund. Greater emphasis should be given to activities related to the second account, which could bring immense benefits to producer and consumer countries alike.

40. His delegation wished to reiterate that international commodity agreements were still useful instruments to ensure stable and remunerative prices for producers and fair prices for consumers. But the developing countries must not regard those agreements as a panacea and resort to excessive production. To date,

(Mr. Hussein, Malta)

many international commodity agreements had failed or had not been implemented owing to the lack of co-operation between producer and consumer countries or between the producers themselves.

41. His delegation was concerned at the lack of progress in the Uruguay Round in areas of importance to developing countries such as tropical products, agriculture, market access, textiles and clothing. Assembly resolution 44/218 urged all parties involved to meet agreed commitments and work for a balanced approach to the multilateral trade negotiations, so as to ensure that their successful conclusion brought about further expansion and liberalization in trade in commodities. Malaysia called upon the most affluent countries, such as those of the European Economic Community, to make an extra effort to help achieve a successful conclusion to the Uruguay Round. Lastly, Malaysia hoped that the commitments contained in the Declaration on International Economic Co-operation adopted at the eighteenth special session of the General Assembly and in the international development strategy for the fourth United Nations development decade, particularly those pertaining to commodities, would be implemented, with a view to finding long-term solutions to commodity problems and establishing stable and predictable conditions in commodity trade.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued)

Draft resolution A/C.2/45/L.27

42. The CHAIRMAN said that Austria had joined the list of sponsors of draft resolution A/C.2/45/L.27 on entrepreneurship.

AGENDA ITEM 86: SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE (continued)

(b) SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE (continued)

Draft resolutions A/C.2/45/L.15, L.19* and L.28

43. The CHAIRMAN said that Mali had joined the list of sponsors of draft resolution A/C.2/45/L.15 on special assistance to the front-line States. Senegal and the Union of Soviet Socialist Republics had joined the list of sponsors of draft resolution A/C.2/45/L.19* on assistance for the reconstruction and development of Djibouti. The following countries had joined the list of sponsors of draft resolution A/C.2/45/L.28 on assistance to Benin, the Central African Republic, Ecuador, Madagascar and Vanuatu: Algeria, Argentina, Barbados, Bolivia, Brazil, Burkina Faso, Cameroon, Cape Verde, Chad, Chile, Colombia, Comoros, Cuba, Dominican Republic, Egypt, Ethiopia, Ghana, Guatemala, Guinea, Guyana, India, Jamaica, Lesotho, Mali, Morocco, Namibia, Nigeria, Papua New Guinea, Peru, Togo, Uganda and Yugoslavia.

The meeting rose at 4.30 p.m.

UNITED NATIONS

General Assembly

FORTY-FIFTH SESSION

Official Records

SECOND COMMITTEE
46th meeting
held on
20 November 1990
at 10 a.m.
New York

SUMMARY RECORD OF THE 46th MEETING

Chairman: Mr. PAPADATOS (Greece)

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AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued)

AGENDA ITEM 86: SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE (continued)

(b) SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE (continued)

AGENDA ITEM 87: INTERNATIONAL ASSISTANCE FOR THE ECONOMIC REHABILITATION OF ANGOLA (continued)

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Distr. GENERAL
A/C.2/45/SR.46
28 November 1990

ORIGINAL: ENGLISH

90-57255 3207S (E)

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The meeting was called to order at 10.20 a.m.

AGENDA ITEM 79: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)

(b) TRADE AND DEVELOPMENT (continued) (A/45/3, 15, 442, 453 and Add.1, 565 and 588)

(c) REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s FOR THE LEAST DEVELOPED COUNTRIES (continued) (A/45/695)

1. Mr. HASSAN (Pakistan) said that export-led growth was essential for countries caught in the vicious cycle of low growth, excessive indebtedness and internal economic disorders, and for the revitalization of their development process. An unconditional commitment to free trade was necessary in order to enable the developing countries to play a more active role in the world economy.

2. The developed countries, whose economic success had been founded on free trade, were currently engaging in restrictive trade practices. A substantial portion of international trade was subject to protectionist policies which limited the access of developing countries' exports to the markets of developed countries. The situation did not seem to be improving, and there was much uncertainty about the future. Moreover, the developing countries' terms of trade played a critical role in development, as was evident from the slow-down of the development process in some developing countries. Tariff liberalization by the developed countries would stimulate both exports and imports.

3. Falling commodity prices throughout the 1980s had dealt a severe blow to many developing countries which relied almost exclusively on commodities for their export earnings. The least developed countries had been severely affected as the prices of their primary commodity exports declined at an annual rate of 1.7 per cent between 1980 and 1988. That problem had been further aggravated by the developed countries' imposition of restrictions on imports of agro-industrial products. Tariffs on imports from developing countries were usually higher than those on imports from developed countries, and tariffs tended to rise as the degree of processing increased. Such protectionist and restrictive policies must be abandoned in order to facilitate the establishment of a just international trading system and to allow the developing countries to channel their resources to development.

4. The proposed international development strategy for the fourth United Nations development decade reiterated the developing countries' concern that the Uruguay Round of multilateral trade negotiations should focus on an equitable balance of interest between developed and developing countries, the adaptation and reform of the system to ensure its relevance to changing patterns of international trade, and the need to ensure greater co-ordination between international trade and financial policies. Compliance with those commitments would ensure the successful outcome of the Uruguay Round.

5. The establishment of a free trading system would bring about trade expansion on the basis of mutual advantage. Measures such as the elimination of restrictive

(Mr. Hassan, Pakistan)

and discriminatory measures incompatible with the principles of the General Agreement on Tariffs and Trade (GATT), intra-industry specialization on the basis of dynamic comparative advantage, special and preferential treatment for developing countries' exports, and the speedy return to the normal trading rules of GATT in the textile sector were essential for the expansion of world trade on an equitable basis. Trade could also be enhanced by South-South co-operation.

6. Mr. REVA (Ukrainian Soviet Socialist Republic) said that, in the search for solutions to critical economic problems, including problems relating to international trade and development, maximum use should be made of existing mechanisms for multilateral co-operation, first and foremost those of the United Nations system. The United Nations Conference on Trade and Development (UNCTAD) should focus its attention on ensuring sustainable and predictable development in the interests of all States, and on the interrelationship of the global problems of economic development and trade. In the light of the unprecedented impact of environmental problems on world development, UNCTAD should carry out a study of the interrelationship between the environment and development. Increased international co-operation in the elaboration of measures to ensure environmentally sound growth would be a real contribution to the preparations for the United Nations Conference on Environment and Development. The work of UNCTAD in the drafting of recommendations on principles and policies in the area of world trade deserved support.

7. The first concrete steps which had been taken towards real disarmament had led to new opportunities for development. The proposed structural changes in national economies warranted the participation of UNCTAD and its secretariat in research on, and the analysis of, problems relating to the conversion of military production for civilian purposes.

8. His delegation was in favour of a greater role for the organs and specialized agencies of the United Nations system in the solution of global economic problems, including problems of trade and development, and was interested in the discussion on the implementation of organizational changes in the mechanism of mulilateral trade and economic co-operation. In that regard, serious consideration should be given to the idea of establishing an international trade organization. The Ukrainian SSR attached great importance to the effective preparation for the eighth session of UNCTAD in 1991, and was pleased that the Trade and Development Board had finally agreed upon an agenda for that session.

9. The radical economic reforms taking place in Eastern Europe, including the Ukrainian SSR, were increasingly having an impact on international trade and economic relations. Undoubtedly, the success of such reforms would in large part depend on how fully the economies of those countries were integrated into the world economic system. UNCTAD should take part in a study of those issues, within the framework of the overall problem of the impact of integration processes in various parts of the world on international trade. That would be in keeping with the provisions of the Declaration adopted at the eighteenth special session of the General Assembly in which the Assembly had reaffirmed its support for the efforts of the Eastern European States to carry out radical economic transformations.

(Mr. Reva, Ukrainian SSR)

10. The Ukrainian Parliament's adoption of the Declaration on the State Sovereignty of the Ukraine and the Economic Independence Act had laid a solid political and legal basis for the radical transformation of the Ukrainian economy and its greater integration into the international division of labour. State sovereignty had enabled the Republic to broaden and strengthen its foreign economic relations and establish a new system of co-operation with foreign countries, based on equity and mutual advantage.

11. Mr. NATHON (Hungary) said that countries such as his own, which had only a limited influence on world economic development while being greatly influenced by the international economic environment, should work together to find solutions to the world's basic economic problems. Individual countries were primarily responsible for their own national prosperity, and it was only on that basis that assistance could be expected from other nations. That awareness had prompted Hungary to embark on a lengthy and comprehensive transformation of its economy. The success of that endeavour presupposed assistance from partners capable of assessing Hungary's capacities, as well as a supportive external economic environment.

12. Many members of the international community had not only expressed willingness to support Hungary's plans but had provided practical assistance. So far, Hungary had received a fair amount of external support, which had not diverted attention from, or diminished the resources available to, the developing countries. The successful transition of Hungary and other Central and Eastern European countries to a market economy would have a positive effect on the economic situation of other regions and of the world in general. Once its situation improved, Hungary intended to provide assistance to the least developed countries.

13. It was essential to find solutions to the debt crisis and to create financial resources necessary for the economic recovery of the indebted developing and middle-income countries. Hungary attached great importance to the global aspects of that question despite the fact that the position of the middle-income countries, which included Hungary, differed from that of the most severely indebted developing countries. Hungary believed that it must comply with its international financial obligations, and it would repay its debts.

14. Over the past year, Hungary had considered reducing restrictions and limitations on its economy, especially in the area of foreign trade. It had begun a fundamental transformation of its foreign economic relations and had taken steps to bring about the country's full integration into the world economy. However, recent developments, including the crisis in the Persian Gulf, had adversely affected the Hungarian economy.

15. As a net exporter of agricultural products which had suffered heavy losses as a result of market restrictions and continuing subsidized competition in world agricultural trade, Hungary attached paramount importance to the negotiations on international agricultural trade within the Uruguay Round. The current critical situation might endanger the success of the Round and frustrate possible agreements

(Mr. Nathon, Hungary)

in other areas. The failure of the Round could jeopardize the entire system of international trade and cause great damage to the small- and medium-size participants in world trade. Hungary was convinced that all countries and groups of countries had a fundamental interest in ensuring the operation and efficiency of the system of international trade under GATT rules, in widening its scope, in establishing a set of rules imposing equal obligations on all and, ultimately, in maintaining smooth flows of international trade which would benefit all participants.

16. Mr. LU Ruishu (China) said that the developing countries were encountering numerous obstacles which prevented them from improving their trade prospects. Their exports, especially exports of manufactured goods, textiles and clothing, were subject to various kinds of tariff and non-tariff restrictions by developed countries. Moreover, the regional integration of developed countries, strengthened bilateral arrangements and unilateral action by a few major trading countries could adversely affect the trade of developing countries.

17. So far, progress in the final stage of the Uruguay Round of multilateral trade negotiations had been uneven. There had been no breakthrough in the negotiations on textiles and agricultural and tropical products which were of great concern to the developing countries. An unbalanced result of the negotiations would severely impair the interests of the developing countries and work against the expansion of world trade. Therefore, all countries participating in the Uruguay Round, in particular the major trading countries, should endeavour to ensure the complete success of the Round.

18. As a result of low commodity prices, unstable markets, deteriorating terms of trade and reduced export earnings, the developing countries, especially those heavily dependent on commodity exports, had encountered serious difficulties in their economic development. Existing measures for solving the commodities problem should be strengthened so that they produced maximum results. The commodity agreements and the Common Fund for Commodities could play a positive role in stabilizing commodity prices and facilitating the diversification of developing countries' exports. Producer and consumer countries should work together to improve the functioning of the existing commodity agreements and negotiate new ones.

19. Despite the adoption of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices in 1980, restrictive business practices remained an obstacle to the expansion of international trade. To some extent, those principles and rules had not been effectively implemented because of their own imperfections. It was to be hoped that the United Nations Conference to Review all Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices would conduct a scrupulous review and issue recommendations to remedy that situation.

20. The eighth session of the United Nations Conference on Trade and Development would be of great significance in promoting international trade, strengthening international economic co-operation and, particularly, revitalizing the economies

(Mr. Lu Ruishu, China)

of the developing countries. His delegation wished to express appreciation to the Government of Uruguay for its offer to host the Conference. The Declaration adopted at the eighteenth special session of the General Assembly and the proposed international development strategy for the fourth United Nations development decade formed a sound basis for the preparations of the eighth session of UNCTAD. His delegation hoped that all parties would participate seriously in the preparatory process.

21. Mr. MENON (Singapore) said that the 1980s had witnessed a steady increase in international economic co-operation; that co-operation was embodied in the international development strategy for the fourth United Nations development decade and in the Declaration adopted by the General Assembly at its eighteenth special session. It also formed the basis for arrangements such as the United States-Canada Free Trade Agreement, the single European market and the Asian-Pacific Economic Co-operation forum (APEC) launched in 1989. The 1980s had confirmed that free markets and free trade were more effective than central planning, self-sufficiency and import substitution. International trade in goods and services was a key element in the recent shift towards market-oriented policies. In that context, the successful outcome of the Uruguay Round of multilateral trade negotiations was particularly significant.

22. As a small country with virtually no resources, Singapore was wholly dependent on international trade and an open multilateral trading system for its economic survival. Indeed, Singapore's total trade figure was equal to three and one half times its gross domestic product and two thirds of its goods and services were exported. It was therefore with deep concern that his delegation observed the lack of progress in the Uruguay Round, particularly in core areas such as agriculture, textiles and clothing and trade in services.

23. If the current trading system were replaced by economic blocs - also known as "economic fortresses" - developing countries would be at a particular disadvantage unless they could somehow gain market access to those "economic fortresses". Already there were signs that the United States, Europe and Japan would dominate the rest of the world. Competition among the countries in those privileged blocs could aggravate unfair trading practices and protectionism, with grave consequences for world trade and, in particular, the growth of developing countries.

24. The current deadlock in the Uruguay Round could be broken if the necessary political will were shown by all parties. Developed countries must make greater efforts to facilitate market access for the products of developing countries. Developing countries, in turn, should contribute according to their development, financial and trade capabilities.

25. Mr. KAABACHI (Tunisia) welcomed the consensus reached in Paris on measures to provide assistance to the least developed countries. At a time of growing economic interdependence in the world, the expansion of world trade continued to benefit very few countries and protectionist practices by the developed countries continued to undermine the efforts by the developing countries to become more integrated in

(Mr. Kaabachi, Tunisia)

the world economy. Prior to its accession earlier that year to the General Agreement on Tariffs and Trade (GATT), Tunisia had substantially reduced its customs duties and rolled back most of its non-tariff measures. The developed countries on the other hand, despite their avowed support for strengthening the multilateral trading system, were increasingly pursuing policies that were not conducive to free and open trade.

26. With the initiation of the Uruguay Round, the developing countries had hoped that the trend towards "managed" and "compartmentalized" international trade would be reversed. And yet, as the negotiations drew to a close, the commitments undertaken on standstill and roll-back had barely been implemented. The integration of the textile and clothing sector in GATT through the roll-back of mechanisms established by the Multi-Fibre Arrangement (MFA) was crucial to the developing countries, including Tunisia. However, its provisions had not been sufficiently heeded.

27. Customs duties of developed countries, graduated according to the degree of openness and stage of processing, were a major handicap to the industrialization of developing countries and the promotion of their exports. In that connection, his delegation welcomed the establishment of the Common Fund for Commodities and hoped that it would become operational at the earliest possible date.

28. The generalized system of preferences (GSP) did not sufficiently benefit developing countries and its legal aspects were constantly being called into question. Admittedly, the administrative services of developing countries were not able to make full use of GSP. None the less, the real solution lay in stabilizing the system and adapting it to real exports from developing countries.

29. Bridging gaps must be the sole purpose of revising GATT articles. The revision would be a futile exercise if it upset the balance of the rights and duties of all parties or ignored the need to accord more favourable treatment to developing countries.

30. The profound changes in productive structures and telecommunications had made the services sector one of the most dynamic in the economies of many countries. The efforts to reach a framework agreement on services in the Uruguay Round were therefore commendable. However, as had been stipulated in the Ministerial Declaration of Punta del Este, development objectives must be respected and the services sector must be liberalized gradually. To that end, sectoral negotiations would be particularly useful.

31. Convinced that regional economic integration would promote trade and accelerate development in each country concerned, the five countries of the Maghreb were in the process of establishing a Maghreb economic community.

32. The establishment of an international trade organization was a major question which merited close attention. Two fundamental questions which should be addressed in that connection were the full participation of developing countries in the trading system and the cross-sectoral linkages derived from growing sectoral

(Mr. Kaabachi, Tunisia)

interdependence. In conclusion, Tunisia welcomed the consensus on the theme of the eighth session of UNCTAD: strengthening national and international action and multilateral co-operation for a healthy, secure and equitable world economy.

33. Mr. ROKOTUIVUNA (Fiji) welcomed the documents produced by the UNCTAD-sponsored meeting of governmental experts of island developing countries, held in New York in June 1990. His delegation also supported the statement by the representative of Bolivia, on behalf of the Group of 77, concerning the special needs of island developing countries.

34. As the Uruguay Round drew to a close, progress on the issues of trade and development, so vital to the growth of developing countries, was not assured. The seventh session of UNCTAD had not sufficiently involved the developing countries or devoted adequate attention to their concerns.

35. As a developing country, Fiji relied heavily on exports but had encountered numerous hurdles in attempting to gain access to markets in the industrialized economies. Non-tariff barriers as well as subsidies and tariffs, imposed by the developing countries, distorted trade in agricultural products and undermined the ability of developing countries to operate in stable markets. As a member of the Cairns group of agricultural exporters, Fiji had participated in efforts to achieve a balance between the interests of importing and exporting countries. It was disappointed by the inflexibility of certain countries, which had stifled progress in the Uruguay Round.

36. The island developing countries welcomed the role which UNCTAD had recently assumed in focusing international attention on their specific needs. The June 1990 meeting on island developing countries had provided a framework for future action. His delegation supported the periodic review of the socio-economic performance of island developing countries and the review of appropriate indicators of social and economic progress, other than the gross national product. It also welcomed the focus on the implications of environmental questions such as global warming, sea-level rise and climate change, and natural disaster and hoped those issues would be considered at the eighth session of UNCTAD.

37. Fiji and its neighbors in the South Pacific were among the world's most fragile developing countries. Their size, location and isolation made them highly vulnerable to hurricanes; they had few resources and little productive capacity and would be severely affected by any division of the international trading environment into competing blocs. They required external assistance in order to secure markets for their products and establish basic productive capacity. In that regard, bilateral partners and United Nations agencies, particularly the United Nations Development Programme (UNDP), had been of considerable assistance.

38. Fiji was currently implementing new economic policies, which focused on privatization and the promotion of exports. Preferences in certain developed countries, in particular, with Australia and New Zealand under the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA), the United States

(Mr. Rokotuivuna, Fiji)

under the generalized system of preferences and the European Community under the Lomé Conventions, had provided a basis for Fiji's steady growth over the past decade. His delegation hoped the trend in new investments in Fiji would be sustained.

39. His delegation looked forward to the early implementation of General Assembly resolution 44/218 on commodities. It also hoped that the resolutions and decisions adopted at the thirty-seventh session of the Trade and Development Board could be appropriately incorporated in new international trading arrangements.

40. Mr. KULKARNI (India) welcomed the agreement on the provisional agenda for the eighth session of UNCTAD, which should focus on the promotion of international co-operation and the creation of a favourable international environment for development.

41. The Trade and Development Report, 1990 described the adverse external economic environment in which the developing countries were struggling to improve the conditions of their people. Growth in world output had slowed from 4.3 per cent in 1988 to 3 per cent in 1989, and was projected to be 2.5 per cent in 1990. The rate of growth in world trade had also slowed. The developing countries' total imports had risen by only 6 per cent in 1989 as against 14.7 per cent in 1988, and their exports by only 6 per cent as against 13.5 per cent in 1988. Developing countries' share in world trade had diminished from 24 per cent in 1985 to 20 per cent in 1989.

42. Despite the longest uninterrupted period of economic growth for developed countries since the Second World War, growth in developing countries had been disappointingly weak. The trade balance pattern remained distorted, with unsustainable surpluses in some countries and deficits in others. Real exchange rates were very unpredictable as a result, discouraging investment in the export sector of many developing countries. The liberalization and devaluation packages adopted by a number of developing countries had little chance of succeeding.

43. The principle of global interdependence was nowhere better illustrated than in international trade. Both as a market for goods, services and technology, and as suppliers of raw materials and fuels, the developing countries would continue to provide major support for growth in the developed countries. In return, developed countries should adopt policies to promote the rapid growth and accelerated development of developing countries, and they needed to do a great deal more to discharge that obligation.

44. An increasing number of developing countries were liberalizing their trade régimes through major reforms and despite enormous difficulties. At the same time, trade policies in the developed countries were tending towards greater protectionism. Existing non-tariff barriers to trade were being renewed and new barriers had been introduced since the beginning of the Uruguay Round. Commitments to halt and reverse protectionism should be implemented without further delay.

45. Instead of facilitating market access for the exports of developing countries, developed countries were increasingly taking anti-dumping and countervailing duty

(Mr. Kulkarni, India)

actions against developing countries. Emerging competitive suppliers from developing countries continued to be excluded through recourse to grey-area measures such as voluntary export restraints.

46. The textiles area was one of crucial importance to a very large number of developing countries. Much of the trade in textiles and clothing was regulated through the Multi-Fibre Arrangement which lay outside the GATT framework. It had been observed with monotonous regularity that bilateral quotas and voluntary export restraints within the Multi-Fibre Arrangement were extended to a developing country as soon as it began to develop export capacities. The ministerial meeting of the Trade Negotiations Committee was due to start in Brussels in less than two weeks. Although the outlook was not promising, last-minute compromises had been found in the past. So much depended on the outcome of the Uruguay Round that all countries should do everything in their power to ensure its success. While areas of particular interest to the developing countries were not given adequate priority, in the new areas introduced at the behest of the developed countries there were continuing attempts to coerce developing countries into making concessions and undertaking obligations unrelated to trade and inconsistent with their development needs.

47. The right of developing countries to manage their economies in accordance with their own objectives, to regulate the activities of transnational corporations and to channel investment into sectors of the economy that they deemed to be in their national interest, was fundamental to any just and equitable system. Unilateral actions taken the previous year by the United States had eroded the multilateral system in violation of the Punta del Este commitments.

48. There was an urgent need for reassurance that regional integration into economic blocs would make global trade more dynamic and enhance trade and development possibilities for developing countries, rather than fragmenting the international trading system and leading to increased protectionism.

49. The growing protectionist demands and increasing resort to managed trade reflected the lack of progress in pursuing appropriate structural adjustment policies in the developed countries, particularly in sectors where developing countries had a comparative advantage, such as textiles and clothing. Unless developed countries adjusted such sectors where they had clearly lost the advantage, and allowed their revitalization in developing countries, the principle of international division of labour would be rendered meaningless.

50. In addition, supportive international action was needed to improve the functioning of commodity markets, as well as the creation of more stable and predictable conditions in commodity trade. The commodity sector was critically linked to other sectors in most developing countries. Donor Governments needed to contribute to making both accounts of the Common Fund for Commodities fully operational.

51. Mr. ZORE (Yugoslavia) said that recent changes had dramatically transformed international relations. Elements of a new international trading system were taking shape and the outcome of the Uruguay Round would greatly determine the direction it would take. The value of the Uruguay Round would very much depend on how successful it proved to be in regulating relations among major trading partners.

52. Trade was not an aim in itself, it had a catalytic and generating role in the process of economic development. However, it could act as a catalyst only within the context of the set of elements usually called a "favourable international economic environment". Greater and freer access to markets was not enough. Also needed were effective measures of debt relief, reversal of the net transfer of resources from the developing countries, stabilization of commodity export earnings and greater access to modern technologies, particularly those that were environmentally sound.

53. The Uruguay negotiations were expected to be concluded in the near future. The present round was more ambitious than any of the previous ones, including as it did, not only new substantive rules of GATT, but also principles and rules intended to regulate production and trade exchanges among countries, capital flows and foreign investor rights, and the development, production and exchange of technology and services. Given the importance of the negotiations, it was not surprising that Yugoslavia was very concerned at their current state. There was nothing to show that was particularly impressive, and the negotiations had almost come to a halt on some of the most important issues. Failure of the negotiations would have far-reaching and adverse consequences for the world economy. It would encourage protectionism; cause retaliatory measures, unilateral actions and bilateral arrangements; and would further disrupt the rules and discipline of GATT with unforeseeable consequences for stable economic activity within and among countries. Countries with fragile economies would be the worst affected.

54. With all of those issues in mind, Yugoslavia called upon all participants to rededicate themselves to achieving a balanced outcome of the negotiations, the only way to ensure universal and complete acceptance.

55. Mr. BORG OLIVIER (Malta) reiterated the proposal that a unit should be set up within the UNCTAD secretariat to be the focal point for specific action at the global level in favour of island developing countries and to act as a catalyst in that regard as called for by resolution 43/189. The unit would strengthen UNCTAD's role in studying and addressing the issues and problems of island developing countries.

56. Existing criteria were not necessarily appropriate measures of the level of development of island developing countries, as they did not reflect the structural and institutional weaknesses faced by many of them. A composite index should be constructed, to represent vulnerability in its multi-faceted form.

57. As a small island developing country, Malta was making a great effort to implement development policies in tourism, manufacturing, and trade and services.

(Mr. Borg Olivier, Malta)

Assistance from donor countries, institutions and United Nations bodies was essential.

58. Finally, he expressed the hope that the United Nations bodies and those countries in a position to do so would give careful consideration to the recommendations that had been made regarding the special problems and needs of island developing countries and would increase the assistance already being given to such countries. In particular, he hoped that the Committee would give full support to the draft resolution currently being prepared on the subject.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued) (A/C.2/45/L.3 and A/C.2/45/L.46)

Draft resolutions on co-operation in fisheries in Africa (A/C.2/45/L.13 and L.46)

59. Mr. AMAZIANE (Morocco), Vice-Chairman, introduced draft resolution A/C.2/45/L.46, based on the informal consultations held on draft resolution A/C.2/45/L.13, and recommended that it should be adopted by consensus.

60. In response to comments by Mr. Hamai (Algeria) and Mr. Oksamitny (Union of Soviet Socialist Republics) regarding paragraph 1, the CHAIRMAN said that the French and Russian texts would be aligned with the English text.

61. Draft resolution A/C.2/45/L.46 was adopted.

AGENDA ITEM 86: SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE (continued)

(b) SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE (continued) (A/C.2/45/L.16, L.19*, L.20/Rev.1 and L.34)

Draft resolution on assistance for the reconstruction and development of Lebanon (A/C.2/45/L.16)

62. Mr. GIANELLI (Uruguay), Vice-Chairman, announced that Brazil, Cyprus, Morocco, Philippines, Tunisia and Yemen wished to join the sponsors of the draft resolution, and proposed that the words "events in the Gulf" in the third preambular paragraph should be changed to "situation between Iraq and Kuwait". He recommended that the Committee should adopt the draft resolution without a vote.

63. Draft resolution A/C.2/45/L.16, as orally amended, was adopted.

64. Mr. MAHMOUD (Lebanon) said that recent positive developments in the Beirut area, which had enabled his Government to extend its authority over greater Beirut, meant that assistance from the United Nations and the international community would be directed towards reconstruction work, rather than towards relief efforts as in the past. His delegation recommended that the restriction on visits to Lebanon by United Nations personnel should be lifted to give the United Nations system a more active role in assessing the needs of that country. After 15 years of devastation, Lebanon was making determined efforts to revive its economy and he thanked all those who had contributed to the successful adoption of the draft resolution.

Draft resolution on assistance for the reconstruction and development of Djibouti (A/C.2/45/L.19*)

65. Mr. GIANELLI (Uruguay), Vice-Chairman, said that a new paragraph should be inserted between the sixth and seventh preambular paragraphs, to read as follows:

"Noting further that the harsh climate and the chronic dryness preclude any agricultural activity of scale and that the persistent effects of a cyclical drought have devastating consequences for the already precarious economic and social development of Djibouti,"

he announced that the Philippines, Senegal and the USSR had joined the sponsors and recommended that the draft resolution should be adopted by consensus.

66. Draft resolution A/C.2/45/L.19*, as orally amended, was adopted.

67. Mr. DORANI (Djibouti) thanked all those who had sponsored the draft resolution and had contributed to its consensus adoption and expressed the hope that the provisions of the resolution would be fully implemented.

Draft resolution on assistance to Benin, the Central African Republic, Ecuador, Madagascar, and Vanuatu (A/C.2/45/L.25/Rev.1)

68. Mr. GIANELLI (Uruguay), Vice-Chairman, said that Japan and the Philippines wished to join the sponsors of the draft resolution and recommended that it should be adopted by consensus.

69. Draft resolution A/C.2/45/L.25/Rev.1 was adopted.

70. Mr. BIAOU (Benin), speaking on behalf of all the sponsors of the draft resolution, thanked all those who had contributed to its adoption.

Draft resolution on a special plan of economic co-operation for Central America (A/C.2/45/L.34)

71. Mr. GIANELLI (Uruguay), Vice-Chairman, said that Japan, the Philippines and Trinidad and Tobago wished to join the sponsors of the draft resolution. He proposed that the last line of operative paragraph 9 should read "adequate additional financial resources on favourable and concessional terms". He recommended that the draft resolution should be adopted by consensus.

72. Draft resolution A/C.2/45/134, as orally amended, was adopted.

73. Mr. BORBON (Costa Rica) thanked the countries that had joined the sponsors of the draft resolution.

AGENDA ITEM 87: INTERNATIONAL ASSISTANCE FOR THE ECONOMIC REHABILITATION OF ANGOLA (continued)

Draft resolution on international assistance for the economic rehabilitation of Angola (A/C.2/45/L.14/Rev.1)

74. Mr. GIANELLI (Uruguay), Vice-Chairman, said that Italy, Libya, Morocco, the Philippines, Trinidad and Tobago and the United Kingdom wished to join the sponsors of the draft resolution and recommended that it should be adopted by consensus.

75. Draft resolution A/C.2/45/L.14/Rev.1 was adopted.

76. Mr. PACAVIRA (Angola) thanked the Committee for adopting the draft resolution, the implementation of which would greatly assist Angola's efforts to relaunch its economy. He also expressed Angola's thanks to all those who had provided assistance to the victims of drought in the country.

77. Mr. GUERRERO (Philippines) said that the consensus adoption of resolutions on economic assistance had demonstrated the shared concern of the international community at the plight of countries in situations of great hardship. The Philippines had recently been hit by devastating natural disasters and he expressed his country's gratitude to all those nations which had come to its assistance.

The meeting rose at 12.35 p.m.

UNITED NATIONS

General Assembly

FORTY-FIFTH SESSION

Official Records

SECOND COMMITTEE
47th meeting
held on
Tuesday, 20 November 1990
at 3 p.m.
New York

SUMMARY RECORD OF THE 47th MEETING

Chairman: Mr. PAPADATOS (Greece)

later: Mr. AMAZIANE (Morocco)
(Vice-Chairman)

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Distr. GENERAL
A/C.2/45/SR.47
5 December 1990
ENGLISH
ORIGINAL: SPANISH

90-57261 3326S (E)

The meeting was called to order at 3.20 p.m.

AGENDA ITEM 79: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)

(b) TRADE AND DEVELOPMENT (continued) (A/45/3, A/45/15, A/45/442, A/45/453 and Add.1, A/45/565 and A/45/588)

(c) REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s FOR THE LEAST DEVELOPED COUNTRIES (continued) (A/45/695)

1. Mr. VALENZUELA (Honduras) said that, at a time when the world economic situation was deteriorating, the United Nations Conference on Trade and Development (UNCTAD) had potentially a leading role to play as the General Assembly's principal instrument for deliberation and negotiation on international economic co-operation. At the seventh session of UNCTAD it had been emphasized that responsibility for promoting the accelerated and sustainable development of the developing countries must be shared by all. UNCTAD support for the developing countries had also been clearly demonstrated at the two conferences on the least developed countries held in Paris in 1981 and 1990.

2. Inflation, deflation, recession and external debt, the major problems affecting the developing countries, had had a particularly marked impact during the 1980s. During that period, economic growth and the rate of expansion of the developing countries' trade had slowed and commodity prices had fallen, negatively affecting exports and foreign currency earnings. The developing countries had lost their access to the markets of the capitalist countries and in that way had been punished for their insolvency, despite the great efforts they had made to undertake structural adjustments.

3. Some of the Asian countries had continued actively to export manufactures. However, that had not been the case in Africa or Latin America, where exports remained vulnerable to unpredictable fluctuations in commodity prices. In spite of certain factors which gave grounds for a degree of optimism, such as the end of the cold war and changes in Eastern Europe, economic prospects, made worse by the Gulf crisis, were gloomy, with the forecast rate of growth of world GDP at 1 per cent the lowest since 1982 and increased unemployment and inflation predicted as a result.

4. In Latin America output per capita would fall for the third consecutive year, to no more than 1 per cent, with the economic achievements of some countries nullified by economic adjustment measures, low interest rates, debt servicing and the outflow of resources. In Africa, where a growth rate of approximately 3 per cent was expected, some countries would benefit from the recent rise in oil prices but others would experience increased import costs which would negatively affect their national economies. Asia, however, would continue to experience accelerated economic growth, many countries of the region having developed the ability to find ways of counteracting the reduction in external demand and the fluctuations of the world market.

(Mr. Valenzuela, Honduras)

5. With reference to the refinancing of the developing countries' official debt, it was worth noting that the debtor countries' creditors, before referring them to the Paris Club, continued to require them first to enter into an agreement with the International Monetary Fund, thereby causing delays and deterioration of the applicant country's financial situation. It had been agreed at the Toronto Conference to offer the poorer countries the following concessions: partial cancellation of debt service charges, longer repayment periods and favourable rates of interest. As of August 1990, 16 African countries and Bolivia had benefited from such measures. Some countries had also made use of the Venice arrangements, which provided for the due date of payments to be postponed.

6. The measures adopted by President Mitterrand to reduce interest rates on loans granted by France to four African countries south of the Sahara were to be commended. President Bush, too, had launched an initiative to reduce the liabilities which Latin American countries had incurred as a result of official indebtedness to the United States and thus release funds for environmental projects which were much needed by the region. Additionally, the Group of 7 at their meeting in Houston had urged the Paris Club among other things to extend the repayment periods of the debtor countries. In that regard, the magnificent work done by the Group of 77 to obtain better terms for the service of the developing countries' debt should not be forgotten.

7. With regard to international trade, tariff measures and restrictive trade practices posed serious problems. The report of the Intergovernmental Group of Experts on Restrictive Business Practices called for standards to be adopted and effective institutions set up to combat such harmful practices. At the same time, while the attention of the international community was focused on the Gulf crisis, the grave economic problems of the world remained unsolved. That crisis, which was bringing about a rapid redistribution of income, could lead to further serious economic upheavals, which efforts must be made to avoid.

8. Mr. McDONALD (Commission of the European Communities) said that since the middle of 1988 the trend of world trade had been very positive, benefiting both developed and developing countries. The developing countries had increased their export earnings from $420 billion in 1986 to about $1,050 billion in 1990 and even the 15 most heavily indebted countries had succeeded in increasing their exports by 54 per cent. However, there were countries, particularly in Latin America and Africa, which had not benefited from the situation.

9. The European Community had sought to help the developing countries to develop their trade through mechanisms and instruments such as the Lomé Convention, the Generalized System of Preferences, the General Agreement on Tariffs and Trade and the Uruguay Round and through structural adjustments within the Community. Those adjustments referred not only to the single market which was due to be in place by 1992 but also to reform of certain sectors of economic activity in accordance with the principles of comparative advantage.

10. The Community was also helping the developing countries through development assistance, industrial co-operation and promotion of the rural sector. It

(Mr. McDonald)

recognized the link that existed between trade and debt service and attached great importance to debt-related structural adjustment loans. It had made particular efforts in Africa to improve food security and the development of the agricultural sector.

11. The Lomé Convention had been revised in December 1989 and the Generalized System of Preferences was currently being studied with a view to its improvement and simplification. Measures had been taken to assist the countries of Eastern Europe involving, for example, reduction and elimination of quotas and association and co-operation agreements of the type maintained with other trading partners would be developed. Ways of improving co-operation with the Mediterranean countries were also being studied. With respect to Latin America, substantial assistance had been given for the creation of a Central American payments system and zero duty access had been granted for certain products from Peru, Colombia, Bolivia and Ecuador.

12. Concerning the single market, two thirds of the 282 legislative measures required by the single market programme would soon be adopted, many of which would benefit not only producers within the Community, but exporters to it as well. The external trade régime, which would not be directly affected by the creation of the single market, would in any event become more liberal as problems posed by the various non-tariff régimes within the individual member States were resolved. Furthermore, many of the reforms being introduced by the Community, for example in the services sector, were open for negotiation with the Community's trade partners in the context of the Uruguay Round.

13. The European Community's trade régime was already very liberal, with an average tariff rate of 4 per cent and an import penetration rate of 13.1 per cent, up 4.5 per cent over a 10-year period. The Community was also one of the world's largest importers. Where trade with developing countries was concerned, in 1989 the import growth rate of 16 per cent had exceeded the export growth rate, so that the trade deficit of the European Community with the developing countries had widened. Almost half of Community imports from developing countries were industrial products.

14. In order to bring its economy into step with the changing world, the EEC had made substantial structural adjustments in such sectors as steel, textiles and agriculture. It was also working towards more predictability in the world economy through a balanced mix of non-inflationary fiscal and monetary policies, which had resulted in a stabilization of its exchange rates.

15. The EEC remained an active participant in the Uruguay Round negotiations and, by submitting ideas and proposals, had demonstrated that it was in favour of a general liberalization of trade, particularly in fields such as services and textiles. The Community had recently submitted a proposal on agriculture that covered all types of support, including export subsidies. A general rule should apply across the board; separate disciplines should not be established for each aspect of agricultural support. The reduction of support in the agricultural sector in the way proposed by the Community would lead to a reduction of all the

main types of support. The proposal also included the application of tariffs, in many cases starting at a level well below existing variable levies; such tariffs would also be subject to GATT and would be lowered over the period 1991-1995.

16. The result of the proposal would be that in the future, internal support, import charges and export subsidies would be reduced. The Community had proposed disciplines on all three areas and had also proposed that export subsidies could not exceed the import tariff for the same commodity. In that way, if tariffs fell, export subsidies would too. The model brought forward by the EEC was fair and reasonable and aimed to submit domestic agricultural policies to real international constraints and to reduce the support and protection granted to the agricultural sector.

17. The European Community was the world's largest agricultural importer, annually bringing in 45 billion dollars worth of goods, or 40 per cent of all imports into the countries of the OECD. Its exports to developing countries had dropped from 50 per cent to 40 per cent of the total, despite the fact that overall EEC exports of agricultural goods had remained fairly stable between 1980 and 1987. Imports from developing countries had increased substantially in recent years, from 49 per cent to 55 per cent of total imports between 1982 and 1987. The European Community was also the largest agricultural export market for its partners in the developed world, in particular the United States of America. It was New Zealand's largest export market and Australia's second largest, after Japan. It was also the largest importer from other European OECD countries.

18. The Community had always lived up to its international obligations, and was doing so also in the context of the Uruguay Round. It was to be hoped that those negotiations would benefit all participants and strengthen the open multilateral trade system. The European Community appealed to the other Member States to be realistic and responsible and to join it in working towards a successful outcome of the Round.

19. Mr. RAKOTONAIVO (Madagascar) welcomed the analyses contained in the report of the Secretary-General of UNCTAD (A/45/442), which stressed the close link between trade problems, monetary and financial questions and the debt problem. He also emphasized the importance of international trade as an indispensable vehicle of economic co-operation for the development of the developing countries.

20. With regard to the Uruguay Round, whose basic goal was to establish a more open and stable multilateral trade system that promoted the growth and development of all countries, his delegation was concerned about a possible collapse of the negotiations. Owing to conflicts of interest between the major economic and trading Powers, it had not been possible to reach agreements which would be of vital importance for the entire international community. Moreover, areas of such paramount interest for the developing countries as tropical products, textiles, safeguards and services had not been given adequate attention by the industrialized countries.

21. No progress had been made, either, in the multilateral negotiations on

(Mr. Rakotonaivo, Madagascar)

status quo measures and dismantling or in the application of most-favoured-nation status to exports from the developing countries. Where trade in services was concerned, a number of important deficiencies had been noted with regard to the definitions, scope of application and mechanisms to be established for meeting the growth and development goals that had been set. In respect of measures concerning intellectual property and investments, the attitude of the developed countries was not in keeping with either the letter or the spirit of the Punta del Este mandate, in that there was a tendency to protect the rights of the owners of intellectual property and to exclude any consideration of public interest and development, thus increasing the technological dependence for the countries of the South.

22. With respect to investments, the proposals by the developed countries would deprive the recipient countries of their right to set fiscal and financial rules governing the activities of foreign enterprises, and the poor countries would have to abandon all hope of being able to develop within a framework that ensured respect for their sovereignty and independence. Concerning trade in commodities, measures needed to be adopted to stabilize prices, and UNCTAD was engaging in satisfactory work on that topic. The Committee on Commodities should promote the holding of consultations and the creation of mechanisms for co-operation between producers and consumers.

23. Madagascar supported the proposal made within the framework of UNCTAD for the establishment of a new international compensatory financing facility, and was pleased that the Common Fund for Commodities had become operational. With regard to the problem of prices for raw materials from Africa, his delegation welcomed the report of the Expert Group established by the General Assembly in accordance with resolution 43/27 and called for the creation of the additional mechanisms proposed in the document explaining Africa's common position (A/45/591). Lastly, Madagascar urged the international community to take into account the recommendations made at a meeting of governmental experts held in New York to consider the situation of the island developing countries, in particular with regard to the implementation of the programme of action for those countries, in accordance with General Assembly resolution 43/189.

24. Mr. AL-TAMIMI (Bahrain), referring to the serious situation in which the island developing countries found themselves, welcomed the work being done by UNCTAD in support of those countries' development activities. Since 1972 the General Assembly had adopted various resolutions promoting action by the international community in that sphere. The island developing countries encountered special difficulties in their development efforts on account of their small size and limited markets, as well as the special geological and geographical factors which made them very vulnerable to natural disasters. Donor countries and international institutions, particularly UNCTAD and UNDP, must step up their aid to those countries.

25. In accordance with Assembly resolution 43/189, the island developing countries must receive concessional financial and technical assistance. Bahrain supported the proposals contained in document TD/B/AC.46/2, regarding international measures to support island developing countries. Although such countries were among the

(Mr. Al-Tamimi, Bahrain)

middle-income countries, their Governments had to devote considerable resources to health, education, housing, social welfare and infrastructure. Bahrain supported the recommendations made at the Meeting of Governmental Experts held in New York from 25 to 29 June 1990, particularly those relating to the need for UNCTAD to convene meetings of experts in which the island developing countries would participate along with the donor countries and international institutions.

26. Mr. ALMABROUK (Libyan Arab Jamahiriya) reaffirmed his country's total support for the activities of UNCTAD, which constituted an irreplaceable instrument for developing and co-ordinating multilateral trade relations. The fundamental objectives of the new international trade order which needed to be established must include the economic development of the developing countries and the fostering of co-operation between them. The imbalances in the world trading system must be corrected without delay, and a system established in which all countries, both developed and developing, participated.

27. All countries would have to refrain from adopting measures that might impair the balance of that system. They must also refrain from adopting unilateral or bilateral measures that might have adverse effects on international trade co-operation. The system must be based on harmonization of monetary, financial and technical policies. The developed countries must put an end to the application of protectionist measures, and must reduce tariffs and non-tariff barriers against imports from developing countries.

28. Libya condemned the intimidatory measures, both political and economic, that the developed countries applied against developing countries, such as boycotts, embargoes and the freezing of financial resources and assets. Such practices were contrary to the Charter, to international law and to General Assembly resolutions, particularly the provisions of resolution 44/215, and were damaging to the economies of the developing countries, international co-operation and the smooth functioning of the world economy.

29. During the 1980s commodity prices, which were the sole source of income for some countries and the driving force behind their economies, had fallen considerably. The developed countries imported commodities at low, and in some cases derisory, prices, using those commodities to manufacture industrial products which they then re-exported at exorbitant prices. For that reason, over the coming decade an all-out effort would have to be made to increase the income of commodity-exporting countries with a view to establishing a balance in international economic relations and creating a climate of stability favourable to development. Libya was confident that during the eighth session of UNCTAD, to be held in June 1991, positive measures could be formulated to respond to the wishes and needs of the developing countries and to put an end to the application of discriminatory measures against them.

30. Mr. O'BRIEN (New Zealand) said that, unfortunately, a failure of the Uruguay Round of trade negotiations could not be ruled out. Throughout the four years of negotiations, emphasis had been placed on the need to improve the GATT rules and disciplines in the sphere of agriculture. Regrettably, a number of countries still

(Mr. O'Brien, New Zealand)

refused to accept that need. The Cairns Group of agricultural trading countries, of which New Zealand was a member, had tabled agricultural reform proposals entailing substantial reductions in export subsidies, border protection and internal support. The United States, too, had made similar proposals. Nevertheless, the offers by a number of other countries fell well short of meeting the generally accepted commitment to substantial progressive reductions in agricultural support and protection.

31. Among those inadequate proposals were those of the European Community, Japan and the Republic of Korea. The European Community had made no acceptable offer on export subsidies; nor had it offered any prospects of efficient agricultural producers being able to export more to the Community either at the beginning or at the end of the reform period. The reforms proposed by the EEC were little more than a continuation of its current reform programme, which had done little to correct structural production imbalances. The 30 per cent cuts proposed by the EEC amounted to only 15 per cent after account was taken of the results of policies implemented since 1986. The Cairns Group had made it clear that it viewed those proposals as inadequate, and that they could not form the basis for negotiations in Brussels.

32. Once the Uruguay Round was concluded, it should not be acceptable for developing countries to be forced to rely on aid handouts, when agricultural trade reform could help them achieve a greater degree of economic prosperity. Nor would it be acceptable that the GATT rules and disciplines should not apply to agriculture, when those rules and disciplines were fully accepted with regard to industrial goods, and had indeed enabled the very countries that were opposed to regulation of agriculture to achieve considerable economic prosperity. Nor would it be acceptable for OECD countries to provide $US 245 billion in protection and assistance to agriculture each year, much of it with trade-distorting objectives. Agriculture was the key to the success of the Uruguay Round. To secure that success, a number of countries, particularly the members of the EEC, must improve their agricultural offers. If the Round were to fail, the international community would not easily forgive those responsible for that failure.

33. He wished to remind members of the Second Committee of the particular problems facing island developing countries. Many of New Zealand's neighbours were countries belonging to that category. New Zealand had chaired the Meeting of Governmental Experts of Island Developing Countries and Donor Countries and Organizations, held in New York in June 1990. His delegation drew the Committee's attention to the report of the Secretary-General on that meeting (A/45/453 and A/45/453/Add.1), which indicated a number of priorities of interest to the island developing countries and to their development partners, particularly with regard to human resources development and the role of women in the development process. It singled out as problems of special concern to the island developing countries the issues of transport, the impact of migration, vulnerability to natural disasters and dependence on external markets.

34. The report attempted to identify a new framework in which to address the problems facing those countries, with a view to finding realistic ways of

(Mr. O'Brien, New Zealand)

co-operating to assist them in solving those problems. One of the main problems in that regard, over which those countries had no control, was the problem of sea-level rise caused by climate change. The viability of many island countries, and in some cases their very existence, was under threat. At the previous day's meeting, the Secretary-General of UNCTAD had reminded the Committee that States Members of the United Nations must address the implications of climate change when co-operation programmes were implemented. New Zealand resolutely endorsed that view.

35. Mr. WON (Observer for the Republic of Korea) stressed the significance of the adoption in September of the Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s by the Second United Nations Conference on the Least Developed Countries. The Republic of Korea, having arisen from the devastation of war to join the ranks of the newly industrialized countries, was ready to share its development experiences with the least developed countries. Since its socio-economic conditions at the initial stage of development had been similar to those of the developing countries, Korea hoped that its development experiences would prove relevant to the least developed countries in their efforts to revitalize their economic growth.

36. In order to share its development experience, the Korean Government had carried out a series of technical co-operation schemes since 1965, in which such special account had been taken of the needs of the least developed countries. By the end of 1989, Korea had received approximately 800 trainees from the least developed countries, who had pursued studies in various areas ranging from trade promotion to development planning and rural development strategy. In addition, more than 40 Korean technical experts had been sent to those countries.

37. The establishment in 1990 of the Korea Youth Volunteers programme, together with Korea's participation in the United Nations Volunteers programme marked a new stage in Korea's co-operation with developing countries. Korea considered that those two programmes would help to strengthen even further the development partnership between Korea and other developing countries, especially the least developed countries. In 1987, in order to contribute financial support to developing countries, the Korean Government had established the Economic Development Co-operation Fund; it had also made efforts to facilitate overseas investment in the least developed countries. The growing level of Korean investment in those countries should serve as an effective means of development co-operation and give mutual benefits.

38. Financial co-operation had also been promoted on a multilateral basis. With a view to assisting the low-income developing countries, the Korean Government had participated actively in providing concessional financial resources to various international financial institutions. Korea's contributions to the Asian Development Fund, the African Development Fund, the International Development Association and the Enhanced Structural Adjustment Facility (ESAF) of IMF had totalled more than $US 140 million. His Government would continue to increase its efforts, commensurate with its economic capabilities, to assist the development efforts of the least developed countries.

(Mr. Won, Observer, Republic of Korea)

39. Korea considered that a free world trading system was essential to international economic growth in general, and to the economic development of developing countries in particular. Indeed, an open multilateral trading system was crucial to the reactivation of international economic development in the 1990s and beyond. In that connection, the importance of a successful conclusion to the Uruguay Round could not be overemphasized.

40. Korea considered the question of agricultural trade to be of particular importance. It had submitted its offer list to the GATT secretariat the previous month, in order to help the negotiations on agriculture to move forward. Korea's offer took into account the specific nature of agriculture and the unique situation facing that sector in Korea. The importing developing countries, such as Korea, should be guaranteed a sufficient grace period for structural adjustment, and flexibility with regard to tariff reform and domestic policy options. In the spirit of the Punta del Este Declaration, Korea wished to emphasize that the results of the negotiations should reflect each participant's legitimate interests in a balanced and equitable manner, thereby ensuring their full implementation by all participants.

41. Mr. ARSLANIAN (Brazil) said that, on 15 March of the current year, right at the beginning of President Fernando Collor's administration, Brazil had launched a new economic plan, the main goal of which was to return to past levels of investments and, hence, of sustained growth for the Brazilian economy. The plan combined a strong stabilization programme aimed at producing a quick decline in inflation rates, and a set of structural reforms to increase the economy's efficiency and productivity through modernization of the state apparatus, the opening up of the economy to foreign trade and investment and the liberalization of the domestic markets.

42. The rationale behind the new industrial and trade policy of the current Brazilian Government was a departure from the old import substitution model, which had outlived its usefulness. Currently, the key words were liberalization, efficiency and competition. The trade régime in Brazil had been liberalized. All direct export subsidies had been eliminated, and the main incentive for exporters was now the floating exchange rate system which reflected market realities. The import policy had been completely overhauled. The main quantitative restrictions namely, a prohibition list of 1,200 items and import quotas, had been eliminated and the fundamental role of customs tariffs had, once again, become that of determining the level of domestic production. A tariff reform was under way, to reduce the average tariff rate from the present 37 per cent to 20 per cent by 1994. From the present moment onwards, Brazil would no longer try to achieve a trade surplus by reducing imports. Brazil intended to increase import and export trade so as to achieve such a surplus naturally.

43. In the current Uruguay Round negotiations, Brazil had eliminated certain non-tariff measures as a part of its initial offer, but such a liberalization effort could be maintained only on the basis of positive offers from Brazil's trading partners, favourable developments in external trade and an improvement in the balance-of-payments situation, which would largely depend on whether an

(Mr. Arslanian, Brazil)

appropriate solution could be found in the debt negotiations. Brazil's final contribution to the tariff negotiations would depend on the creation of real market access opportunities, including the elimination of non-tariff escalation with regard to its export products.

44. With regard to the negotiations on agriculture, Brazil was in favour of a considerable reduction in export subsidies, followed by their ultimate elimination. That goal should be achieved by direct measures, and it could not be assumed that it would result from other reforms in the agricultural sector. The rebalancing concept should be rejected, since it could undermine the benefits of liberalization. The agreement should cover all agricultural products. The needs of the developing countries, in particular those relating to regional and social development, should be clearly recognized. With regard to the negotiations on textiles, Brazil felt that failure to reach an agreement on integration of that sector into GATT would seriously undermine the opportunities for progress in the sector, which was of crucial importance for the developing countries.

45. Concerning safeguards, his Government was committed to a comprehensive agreement that would set out clear terms for the legitimate use of measures to assist in the recovery of industries affected by substantial and sharp increases in competitive imports. Deviations from the most-favoured-nation principle in the form of selective application of safeguards should not be allowed, in order to ensure that safeguards were applied in a manner consistent with the General Agreement on Tariffs and Trade and with the interest of all countries in a reinforced multilateral trading system. Existing grey-area measures should be phased out under agreed time-limits.

46. With respect to GATT articles, he said that Brazil envisaged a final agreement on the transformation of the General Agreement into a permanent and effective set of multilateral rules on international trade; that would be achieved through the renouncement by all Contracting Parties of the Protocol of Provisional Application, whereupon GATT would be fully incorporated into their domestic legislation. The maintenance of the current provisions of article XVIII:B, which addressed balance-of-payments problems, should be assured, as they were an essential part of the balance of rights and obligations assumed by developing countries under the General Agreement. For Brazil, the flexibility now provided by article XVIII:B was even more important in the light of the structural economic reform the country was going through.

47. As to subsidies and countervailing measures, his Government was of the opinion that the evolving rules should ensure the possibility for countries to apply countervailing duties to protect domestic industries through the application of fair duties and of procedures which did not constitute non-tariff barriers, as well as the provision of a fair and effective dispute settlement mechanism. As for trade-related investment measures, Brazil acknowledged the important role played by foreign investments in the development process. His delegation felt, however, that possible new disciplines in GATT should not address the investment measures per se, but deal with their adverse effects on international trade.

(Mr. Arslanian, Brazil)

48. On trade-related aspects of intellectual property rights, Brazil's commitment to the Paris and Berne Conventions as the appropriate instruments for the protection of intellectual property rights was widely known. In a constructive spirit, his Government had, however, agreed to discuss standards and principles related to the matter in the Uruguay Round, while reserving its position with regard to the results of the negotiations. His Government continued to regard with great concern the insistence with which some countries advocated the incorporation in GATT of substantive aspects relating to the protection of intellectual property rights.

49. His delegation was of the view that negotiations on trade in services had advanced more than those concerning any other area in the Uruguay Round. Brazil was convinced that a greater degree of liberalization of trade in services could be beneficial for all, provided that it took into account the needs and interests of developing countries.

50. Brazil was of the opinion that the negotiations in the Uruguay Round should continue to be based on the Punta del Este Declaration on money, finance, trade and development. Concern for the interests of a few should not be allowed to create additional obstacles in the already complex deliberations. Brazil was playing a constructive and active role in the Uruguay Round; it was committed to the success of the Round, and hoped that the multilateral trading system would emerge strengthened in its disciplines and rules, so that the threats of unilateralism and the proliferation of grey-area measures could be finally left aside.

51. Mr. KING (Trinidad and Tobago) said that his delegation supported the statement made by the Chairman of the Group of 77 on agenda item 79. Referring to the question of island developing countries, he said that conventional economics continued to measure the pace of development in terms of the rate of growth of national income, which was usually converted to per capita GNP for purposes of comparison. That provided an incomplete picture, and said little about the distribution of the costs and benefits of economic performance, particularly in the case of small economies. There was therefore a need to complement that concept with other criteria whereby development would be viewed as a multi-dimensional process which placed people at the centre, and allowed for their socio-economic, cultural and political improvement.

52. In the island developing countries, the per capita cost of developing and maintaining essential infrastructure was relatively high, especially in archipelagic States in which geography necessitated some degree of duplication in airports and harbours, which required very large capital expenditures. Such constraints were not always evident because of the continued dependence on GNP as the main measurement of economic growth, with little attention being paid to areas such as health, education and social welfare.

53. In countries such as Trinidad and Tobago, the small domestic market did not guarantee benefits from economies of scale. Activities directed at external markets came up against protectionist sentiments in the North, trade barriers and managed trade, which made it impossible to obtain the long-term benefits

(Mr. King, Trinidad and Tobago)

anticipated from the diversification and structural adjustment which had been undertaken at great social cost during the last decade.

54. A small island developing country had to exist with the reality that production must be concentrated on a few items only. Accordingly, fluctuations in the price of any one product had a great impact on short-term economic performance, and it was difficult to adjust to shifts in comparative advantages for the longer-term. Obstacles to trade were therefore particularly harmful to island developing countries.

55. Another critical element which must be addressed was the flow of financial resources on concessional terms, which was of the utmost importance for island developing countries. Many of those countries had experienced a long-term net outflow of resources, accompanied in some cases by contracting economies, with the loss of many jobs and a decrease in the standard of living, along with the diminished capacity of Governments to provide a safety net because of a contracting revenue base. The debt burden, which was the root cause of the net transfer of resources, therefore must be addressed.

56. Pursuant to General Assembly resolution 43/189, and guided by the declaration of the eighteenth special session of the General Assembly, in which it had been stated that the special development problems and needs of island developing countries should be addressed, the Meeting of Governmental Experts of Island Developing Countries and Donor Countries and Organizations had considered the special situation of island developing countries in June 1990 in New York. That meeting had adopted by consensus a strategic framework for those countries and his delegation hoped that the General Assembly would endorse that framework at its current session.

57. The focal point within the United Nations for programmes and activities related to island developing countries was the United Nations Conference on Trade and Development, which had a special responsibility to interpret and translate the mandates of the General Assembly into practice. His delegation had not been satisfied with the manner in which the issue of island developing countries had been treated in the United Nations, nor with the quality of the documentation provided for biennial consideration. It was therefore grateful for the intergovernmental meeting held in June 1990 and hoped that a new era with respect to the consideration of that agenda item was about to begin.

58. His delegation was aware of the difficulties faced by the United Nations to expand its work, given the limitation imposed by the regular budget and the implementation of recommendation 15 of the Group of 18. Nevertheless, despite those constraints, UNCTAD must make arrangements to undertake substantive work on island developing countries. Programme 15 of the medium-term plan (least developed, land-locked and island developing countries, and special programmes) had lumped several unrelated issues together in an unsatisfactory manner.

59. It would be preferable to divide programme 15 into four separate subprogrammes to deal with each of the issues. With such a structure, the subprogramme on least

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developed countries could be given the highest priority. If programme 15 was not revised, his delegation would insist that UNCTAD make the appropriate internal arrangements to ensure that it was possible for substantive work on island developing countries to be undertaken in its secretariat. To that end, UNCTAD should be provided with the financial and personnel resources needed to undertake the tasks.

60. Mr. HERNANDEZ (Chile) said that with three weeks to go before the end of the Uruguay Round, the Second Committee was again debating the important question of international trade, one of the focal points of the world economy. There undoubtedly was a close connection between trade and financing: for example, exchange rate fluctuations created major imbalances which eliminated comparative advantages and had a negative impact on long-term investment policies. The result was protectionist pressures, barriers to trade, incentives to non-competitive industries and the closure of markets, which in turn created further impediments to the growth of the developing countries and to their debt servicing capacity and eroded their ability to satisfy their import requirements, which had a negative impact on the world economy.

61. In view of the foregoing, it was essential to establish macroeconomic policies conducive to sustained economic development and to extrapolate from liberalized trade so that it could serve as a vehicle for the expansion of the world economy. Instead, the 1980s had witnessed the twilight of trade liberalization, as Governments which had been philosophically committed to freedom and liberal policies gradually but decidedly had closed their markets, creating a type of neomercantilism which ran counter to their historical principles and practices. It was precisely those Governments which had sought to convince the developing countries of the benefits of a system of trade open to all and, once the adjustment had taken place, with all its social consequences, those countries paradoxically now closed off their markets tightly, ignoring their own advice.

62. His country had achieved a profound transformation of its economy, which was continuing, in order to open it to the world through the substantial liberalization of trade and the elimination of non-tariff barriers and administrative decisions which hindered trade. The régime governing foreign investment, the field of services, transportation in particular, communications and financial services had been liberalized, and the revision of legislation on intellectual property had begun.

63. The response to that process of opening had been a sustained effort to impede the entry of Chilean products on major international markets, through administrative decisions, such as the so-called "marketing orders", phytosanitary regulations, complex quality control rules and other measures. The concept of national security had even been used to justify the adoption of unilateral measures which had meant a loss to Chile of nearly $300 million. Moreover, notwithstanding its sustained open trade policy, his country still was unable to participate in the generalized system of preferences of one of its major trading partners.

64. Perhaps the most serious development was the introduction of constant,

(Mr. Hernandez, Chile)

repeated changes in the established rules of the game, whereby new mechanisms were devised to neutralize the search for comparative advantages that would enable his country to expand its trade options, even though the major industrial Powers had until recently been critical of the fact that the developing countries had not had stable rules to facilitate trade and long-term investment.

65. While it was true that the world economy was expanding, the expansion was erratic and marginal in the developing countries, owing to such devices as voluntary export restrictions, which were by no means voluntary, and methodical market agreements on textiles, agricultural products, steel, footwear, electronic products, automobiles, etc., creating a debilitating system of administered protection. It was the developing countries that suffered the consequences of that trend, and in many of them, the cost of protectionism far exceeded the economic assistance they received.

66. Everything he had just described occurred outside GATT, an institution which was at a crossroads, for its capacity to administer international trade relations had decreased during the decade which had just ended, causing a return to bilateralism and sectoralism in trade matters. The principles and rules of GATT were fully valid today and, in less than ideal circumstances, GATT had become engaged in the most ambitious round of trade negotiations since its establishment, the scope of which went beyond traditional issues to include new ones such as foreign investment, the development of new technologies, intellectual property and services.

67. The Uruguay Round was very important owing both to the magnitude of the problems and to the expectations which it had generated, particularly with regard to the opening-up of traditional markets which had not been covered by GATT, as in the case of agricultural trade; it was therefore a unique Round. So far the general balance-sheet was not encouraging: although there had been progress in many important areas, others had seen no positive movement. In its statement on 5 November the Cairns Group had argued that the agricultural negotiations were in a state of crisis and that the responsibility for the crisis rested solely with the European Economic Community and its member States.

68. Perhaps the most serious problem affecting the Uruguay Round was that the expectations of the developing countries, especially with respect to the removal of the obstacles to market access as a result of the establishment of a multilateral trading system, were not going to be satisfied. The industrialized countries had tried to concentrate on the regulation of new areas, in which they would impose new obligations on the developing countries without making comparable concessions on market access.

69. It would be a pity if that was the result of the Uruguay Round, for it would lay the bases for a strange system of world trade centred on intellectual property, the development of technology and the expansion of services - where the industrialized countries had the biggest comparative advantages - while the traditional aspects of trade - where the developing countries had increasing capacities - would remain subject to the same treatment as before the Uruguay

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Round, treatment which that negotiating process was designed to change for the better.

70. His delegation hoped that the ministerial meeting at Brussels might conclude with a document giving substance to the Punta del Este Declaration. The international community should use the Uruguay Round to secure an essential rapprochement in the economic and trading spheres comparable to the political détente occurring in the world, which must necessarily serve as an example with respect to apparently insoluble problems. His delegation was convinced of the benefits of a fair international trading system involving honest competition and governed by clear and durable rules which encouraged the development of comparative advantages and long-term investment; that objective was more important than the private and sectoral interests of individual countries and was the one to which the international community should aspire.

71. Mr. SYAHPERI (Indonesia) said that the beginning of the 1990s had seen remarkable historical changes of unprecedented proportions characterized by the vast integrative forces of regionalism and globalism. The progress towards a single market in the European Community by 1992 and the trade agreement between the United States and Canada, together with the unification of Germany, posed new challenges and opportunities for the developing countries. A further factor was the globalization of the world economy resulting from the integration of the USSR and Eastern Europe into it. The globalization of economic activities, the rapid innovations in science and technology, the revolution in communications and the emergence of new and powerful economic centres had drastically altered the patterns of production, consumption and trade and had resulted in major shifts in comparative advantage.

72. The outcome of the meeting of the Trade and Development Board were of particular interest to his delegation. With regard to the Board's resolution on the interdependence of problems of trade, development, finance and the international monetary system, it was imperative to improve international co-operation and restore a long-term approach to development which went beyond short-term adjustments. Given the increasing interdependence of countries and of the various issues, his delegation fully supported the Board's decision to invite Governments and the competent international institutions to support the development efforts of developing countries by providing them with additional resources and continuing to address the debt problem.

73. His country believed that an integrated approach to the environment and to development was of far-reaching significance for achieving international economic growth and tackling the causes of poverty and environmental degradation. UNCTAD must therefore incorporate that objective into all areas of its work. At the same time it would be necessary to ensure that the environment did not become a further excuse for conditionality in development assistance.

74. In order to create an external environment conducive to development, co-operation would have to be strengthened in several areas. For example, in the case of commodities, which were one of the main components of the development

(Mr. Syahperi, Indonesia)

efforts of developing countries and which had remained at very low prices, it would be necessary for all the parties concerned to take joint corrective action. Such a process could be facilitated by appropriate use of the Common Fund to promote commodities, diversification, marketing, processing and distribution. Such endeavours should be supported by the developed countries.

75. There had been some positive developments with regard to the debt crisis. The Toronto summit, for example, had decided to reduce the principle or interest on the official debt of the countries with lowest incomes. Furthermore, the Brady Plan had recognized the need for reduction of the debt owed by middle-income countries to commercial banks. Mention must also be made of the Board's resolution to assist the indebted countries which had consistently serviced their debt. Other initiatives had also been taken in the matter, but none of them would provide a final solution to the debt crisis.

76. In the post-cold-war period international trade must be the primary engine for the growth and development of the developing countries. It was to be hoped that UNCTAD VIII would address the need to promote international co-operation and that the Uruguay Round would be brought to a successful conclusion. However, the conditions which some developed countries attached to the lowering of tariff and non-tariff barriers and to trade in tropical products remained a source of concern. More constructive offers must be put forward in the agricultural trade sector, in keeping with the Punta del Este understanding.

77. Mr. Amaziane (Morocco), (Vice-Chairman), took the chair.

Draft resolution A/C.2/45/L.47 entitled "Commodities"

78. Mr. OSSIO (Bolivia) introduced draft resolution A/C.2/45/L.47 on behalf of the Group of 77 and summarized its contents for the Committee's information.

79. Mr. Papadatos (Greece) resumed the Chair.

The meeting rose at 5.30 p.m.

UNITED NATIONS

General Assembly

FORTY-FIFTH SESSION

Official Records

SECOND COMMITTEE
48th meeting
held on
Monday, 26 November 1990
at 10 a.m.
New York

SUMMARY RECORD OF THE 48th MEETING

Chairman: Mr. PAPADATOS (Greece)

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Distr. GENERAL
A/C.2/45/SR.48
30 November 1990

ORIGINAL: ENGLISH

90-57361 3267S (E)

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The meeting was called to order at 10.20 a.m.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued)

Draft decision on the inclusion of Liberia in the list of least developed countries (A/C.2/45/L.45 and A/C.2/45/L.48)

1. The CHAIRMAN drew attention to draft decision A/C.2/45/L.45 and to its programme budget implications (A/C.2/45/L.48).

2. Draft decision A/C.2/45/L.45 was adopted.

3. Mr. HURLEY (United States of America) said that, while it had joined the consensus on the decision, his delegation would welcome more precise criteria for the inclusion of countries in the least developed country category. If the list of least developed countries was to serve a useful function, it must be a dynamic one, allowing for subtractions as well as additions.

AGENDA ITEM 85: TRAINING AND RESEARCH

(b) UNITED NATIONS UNIVERSITY (A/45/31)

4. Mr. GURGULINO de SOUZA (Rector, United Nations University) said that the University's second medium-term perspective for 1990-1995 was focused on developing strengths in certain areas, particularly by improving the effectiveness of the University's institutional mechanisms. The programme activities were organized within five programme areas: (a) peace, culture and governance; (b) the global economy; (c) global life support systems; (d) science and technology; (e) population, health and human welfare.

5. The University's institutional development had led to the establishment of a number of research and training centres and programmes. The World Institute for Development Economics Research (WIDER) concentrated on global economic issues and had produced a substantial number of useful publications. The Institute for New Technologies (INTECH), which had just become operational, would be concerned with microelectronics and biotechnology. Progress had been made in the establishment of research and training centres for software technology in Macau and environment and human health in Ulm. Consultations were being held on the proposed establishment of an institute of advanced studies in Tokyo and on other centres and programmes in a wide range of social, economic and technological fields. A programme on natural resources in Africa had just been initiated. It would be concerned with the conservation and management of land and water resources, indigenous African plants and mineral resources, and was designed to lead to the establishment of an Institute for Natural Resources in Africa (INRA). Another programme on biotechnology activities in Latin America and the Caribbean (to be known as BIOLAC) would concentrate on brucellosis research, plant biotechnology and micro-organisms of industrial interest.

(Mr. Gurgulino de Souza)

6. A decentralized system of institutes and programmes had thus been developed, operating with a degree of autonomy under the authority of the Council and the Rector. At its thirty-fifth session, however, the Council had acknowledged the need to review its strategy and to ensure that planned research and training centres and programmes were set up in accordance with the overall University programme structure.

7. In 1990, the University's Academic Publication Services had been reorganized as the United Nations University Press to ensure that the University's publications would be on a par with those of other University presses throughout the world, and it had already published some 250 titles.

8. Collaboration between the University and the United Nations system had been strengthened and rendered more systematic. The University and WIDER had contributed actively to the preparations for the eighteenth special session of the General Assembly and the University and the United Nations Centre for Science and Technology for Development had agreed to establish a register of research in the United Nations system, in order to strengthen practical co-operation among United Nations research institutes.

9. The UNU/WIDER research conference on Hunger and Public Action, held in July 1990, had been attended by many high-level policy makers from different countries. It was hoped that it would have a positive influence on policies to combat hunger. UNU had also made useful contributions to work-shops and meetings on the issues of global warming, science and technology for development and new and renewable sources of energy.

10. Finally, he noted that the construction of the University headquarters building by the Government of Japan was progressing satisfactorily and should be completed by 1992.

11. Mr. DONG Jianlong (China) said that the United Nations University had made commendable progress in many areas in 1990 and its World Institute for Development Economics Research had won widespread acclaim for the high quality of its publications.

12. However, the University should play a still larger role. As an international community of scholars combining the fields of natural science and social science, it should advance its own views on such important issues as environment and development, poverty, population and debt relief, thereby increasing its prestige and attracting more funds.

13. The University should act as the research arm of the United Nations system in the study of long-term trends with the aim of forecasting major economic, social, scientific and technological developments. Co-operation between the University and the United Nations system, particularly UNDP and the United Nations Environment Programme (UNEP), should be strengthened.

(Mr. Dong Jianlong, China)

14. The University should establish more research and training centres and operational units in developing countries thereby enhancing the academic capabilities of those countries. UNU headquarters should not be solely concerned with administration, but should expand its activities in the areas of academic research and planning. China proposed that University Council sessions should be held only once a year to save funds and to free headquarters staff for substantive academic work. It was essential for the University to gain widespread support through the successful implementation of its programmes if it wished to attract more funds and overcome its current financial difficulties.

15. Considerable progress had been made in the negotiations between China, Macau, Portugal and the United Nations on the funding of the Institute for Software Technology in Macau. Once the relevant agreement had been concluded, China would make every effort to ensure that the Institute was able to play a positive role in research and training.

16. Mr. HOLGER (Chile) said that the second medium-term perspective constituted an excellent general framework for specific UNU activities. The University was slowly establishing a network of research and training centres and programmes for the study of global problems of current concern to the United Nations and its specialized agencies. WIDER had produced a number of reports on matters of particular interest to the developing countries; they should be widely distributed, in particular to decision makers and in the United Nations system. His delegation hoped that INTECH and the other centres would produce work of similar quality.

17. The University's activities in the area of the environment and development, such as the Human Dimensions of Global Change Project and the studies produced jointly with WIDER, were of direct interest to Member States and could contribute significantly to the understanding of environmental and developmental issues and facilitate the discussion of policy options.

18. His delegation welcomed the increasing co-operation between the University and the United Nations system exemplified by the joint initiative with the United Nations Centre for Science and Technology for Development to establish a register of research within the United Nations system. UNU projects involving collaboration with Chilean institutions included research on iron deficiency and cognitive performance, rapid health assessment procedures and the study of micronutrients. Chile would continue to support UNU and called upon other States to do likewise.

19. Mr. ARKHIPOV (Union of Soviet Socialist Republics) said that it was essential for the second medium-term perspective to adopt a systemic approach to research, which responded to the latest developments in the world economy, in population studies and in other areas of science and technology. The establishment of research centres in different parts of the world and the broad dissemination of scientific research materials would undoubtedly enhance the effectiveness of the University's work and the quality of its scientific training programmes. The authority of the University had been increased by its successful establishment of a wide network of contacts with scientific organizations and specialists, particularly in the developing countries.

(Mr. Arkhipov, USSR)

20. The USSR welcomed efforts to strengthen interaction between the University and the organizations of the United Nations system. The University had conducted valuable research in new and renewable energy sources and in other related areas and should be more directly involved in preparing the international community for the United Nations Conference on Environment and Development. It should also join forces with the United Nations Centre for Science and Technology for Development in studying environmentally benign technologies. The University could also include in its medium-term perspective for 1990-1995 consideration of the conversion of military production to peaceful uses, a matter of increasing interest to a number of countries.

21. Mr. SEZAKI (Japan) said that his delegation was pleased to learn that preparations for the start-up of activities under the second medium-term perspective had been concluded and that many activities were well under way. The survival of humankind depended on successfully addressing the five major themes of the second medium-term perspective and he strongly hoped that UNU would pursue these issues vigorously through its world-wide research and training network.

22. The role played by the research and training centres was important to the University's overall mission. It was encouraging to hear that the second such centre, INTECH, had commenced its work and he hoped that the University would move ahead with the establishment of other centres.

23. A closer relationship was needed between UNU and associated institutions. UNU headquarters should strengthen its central programming and co-ordination role, undertake exploratory inter-programmatic activities and continue to foster co-ordination and co-operation with other organizations, in particular those of the United Nations system.

24. His delegation was pleased to note that approximately 1,000 scholars and scientists from more than 90 countries had been trained under the University's regular fellowship programme. Such programmes emphasized institution-building in a South-South context. The University, whose associated institutions were located mainly in developing countries, had contributed to reducing the "brain drain" to the North.

25. Japan was pleased to learn that active consideration was being given to improving arrangements for the timely dissemination of research results and hoped that that would be done in a cost-effective manner. He suggested that UNU should co-operate more with the United Nations information centres.

26. The University's serious financial situation remained a source of concern. To prevent further erosion of the Endowment Fund and maximize interest income an independently managed investment portfolio should be established at an early date. His delegation endorsed the Rector's appeal for financial contributions and suggested that the UNU newsletter, Work in Progress, should be used to increase public awareness and so assist fund-raising. Finally, he said that Japan continued to support the University in its action-oriented research.

27. Mr. MALONE (Canada) said that during the past year UNU had contributed to a number of Secretariat reports and had played a leading role in strengthening co-operation among various United Nations research institutes. The resulting organizational improvement should lead to more efficient planning of researach programmes and co-operation in research efforts. Canada strongly supported the work of UNU and looked forward to a better integration of the recently initiated research activities.

28. Mr. BARAC (Romania) said that his delegation would welcome an expansion of the University's activities relating to economic reform in Eastern Europe. The University could assist interested countries of Eastern Europe in overcoming the complex problems they faced in moving over to market-oriented economy, inter alia, by providing specialized publications in economics and offering fellowships in developed countries for Romanian students wishing to study aspects of the market economy.

29. Mr. MUCHANGA (Zambia) welcomed the appointment of the Director of the Institute for Natural Resources in Africa, which should help the Institute to become operational. Zambia had pledged $US 2 million to INRA, and was gratified to note the pledges of support from African Governments, official donors and individuals. The INRA mineral resources unit, for which Zambia was providing initial facilities, would assist African countries in general to benefit from their rich mineral resources.

AGENDA ITEM 79: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)

Draft resolution on large-scale pelagic driftnet fishing and its impact on the living marine resources of the world's oceans and seas (A/C.2/45/L.50)

30. Mrs. THORPE (Trinidad and Tobago), introducing the draft resolution, said that Ethiopia, Haiti, Jamaica, Kenya, Malaysia and the Philippines had joined the list of sponsors. States were bound under the 1983 United Nations Convention on the Law of the Sea to promote the conservation and management of the living resources of the high seas and many Governments had taken action to give effect to the provisions of General Assembly resolution 44/225, to secure conservation of the world's living marine resources in the light of the impact of large-scale pelagic driftnet fishing. The delicately balanced text, which attempted to take into account regional and global concerns, should be seen as a concrete collective step aimed at achieving the full and timely implementation of Assembly resolution 44/225.

The meeting rose at 11.35 a.m.